
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D. C. 20549

FORM 10-Q

- ☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the quarterly period ended **March 31, 2014**
OR
☐ Transition Report under Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the transition period from: _____ to _____

Commission File Number: **001-05270**

AMERICAN INDEPENDENCE CORP.

(Exact name of registrant as specified in its charter)

Delaware **11-1817252**
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

485 Madison Avenue, New York, NY **10022**
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(212) 355-4141**

Not Applicable

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common stock, \$0.01 par value

Outstanding at May 9, 2014
8,079,215 shares

American Independence Corp. and Subsidiaries
Index

	<u>Page</u>
PART I – FINANCIAL INFORMATION	
Item 1. Financial Statements	
Condensed Consolidated Balance Sheets	4
Condensed Consolidated Statements of Income	5
Condensed Consolidated Statements of Comprehensive Income (Loss)	6
Condensed Consolidated Statement of Changes in Stockholders' Equity	7
Condensed Consolidated Statements of Cash Flows	8
Notes to Condensed Consolidated Financial Statements	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Item 3. Quantitative and Qualitative Disclosures About Market Risk	27
Item 4. Controls and Procedures	27
PART II – OTHER INFORMATION	
Item 1. Legal Proceedings	28
Item 1A. Risk Factors	28
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	28
Item 3. Defaults Upon Senior Securities	28
Item 4. Mine Safety Disclosures	28
Item 5. Other Information	28
Item 6. Exhibits	29
Signatures	30

Copies of the Company's SEC filings can be found on its website at www.americanindependencecorp.com.

Forward-Looking Statements

This report on Form 10-Q contains certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created by those laws. We have based our forward-looking statements on our current expectations and projections about future events. Our forward-looking statements include information about possible or assumed future results of our operations. All statements, other than statements of historical facts, included or incorporated by reference in this report that address activities, events or developments that we expect or anticipate may occur in the future, including such things as the growth of our business and operations, our business strategy, competitive strengths, goals, plans, future capital expenditures and references to future successes may be considered forward-looking statements. Also, when we use words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “probably” or similar expressions, we are making forward-looking statements.

Numerous risks and uncertainties may impact the matters addressed by our forward-looking statements, any of which could negatively and materially affect our future financial results and performance. We describe some of these risks and uncertainties in greater detail in Item 1A, Risk Factors, of AMIC’s annual report on Form 10-K as filed with Securities and Exchange Commission.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of these assumptions, and, therefore, also the forward-looking statements based on these assumptions, could themselves prove to be inaccurate. In light of the significant uncertainties inherent in the forward-looking statements that are included in this report, our inclusion of this information is not a representation by us or any other person that our objectives and plans will be achieved. Our forward-looking statements speak only as of the date made, and we will not update these forward-looking statements unless the securities laws require us to do so. In light of these risks, uncertainties and assumptions, any forward-looking event discussed in this report may not occur.

PART I – FINANCIAL INFORMATION
Item 1. Financial Statements

American Independence Corp. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except share data)

	March 31,	December 31,
	2014	2013
ASSETS:	(Unaudited)	
Investments:		
Securities purchased under agreements to resell	\$ 2,049	\$ 3,563
Trading securities	1,207	859
Fixed maturities available-for-sale, at fair value	72,232	68,222
Equity securities available-for-sale, at fair value	1,002	988
Total investments	76,490	73,632
Cash and cash equivalents	3,140	4,424
Restricted cash (\$13,236 and \$8,803, respectively, restricted by related parties)	14,693	10,067
Accrued investment income	665	604
Premiums receivable (\$9,231 and \$8,622, respectively, due from related parties)	14,915	14,364
Net deferred tax asset	10,850	11,248
Due from reinsurers (\$2,590 and \$3,206, respectively, due from related parties)	6,507	7,549
Goodwill	23,561	23,561
Intangible assets	2,138	2,336
Accrued fee income (\$1,366 and \$1,076, respectively, due from related parties)	2,818	2,332
Due from securities brokers	154	172
Other assets (\$264 and \$0, respectively, due from related parties)	24,040	18,105
TOTAL ASSETS	\$ 179,971	\$ 168,394
LIABILITIES AND STOCKHOLDERS' EQUITY:		
LIABILITIES:		
Policy benefits and claims (\$17,390 and \$17,370, respectively, due to related parties)	\$ 34,806	\$ 35,252
Premium and claim funds payable (\$13,236 and \$8,803, respectively, due to related parties)	14,693	10,067
Commission payable (\$3,939 and \$3,423, respectively, due to related parties)	6,430	5,455
Accounts payable, accruals and other liabilities (\$1,818 and \$1,643, respectively, due to related parties)	17,145	13,250
State income taxes payable	535	544
Due to securities brokers	98	45
Due to reinsurers (\$577 and \$639, respectively, due to related parties)	1,553	1,177
Total liabilities	75,260	65,790
STOCKHOLDERS' EQUITY:		
American Independence Corp. stockholders' equity:		
Preferred stock, \$0.10 par value, 1,000 shares designated; no shares issued and outstanding	-	-
Common stock, \$0.01 par value, 15,000,000 shares authorized; 9,181,793 shares issued, respectively; 8,072,548 shares outstanding, respectively	92	92
Additional paid-in capital	479,493	479,481
Accumulated other comprehensive loss	(845)	(2,152)
Treasury stock, at cost, 1,109,245 shares, respectively	(10,305)	(10,305)
Accumulated deficit	(363,977)	(364,730)
Total American Independence Corp. stockholders' equity	104,458	102,386
Non-controlling interest in subsidiaries	253	218
Total equity	104,711	102,604
TOTAL LIABILITIES AND EQUITY	\$ 179,971	\$ 168,394

See the accompanying Notes to Condensed Consolidated Financial Statements.

American Independence Corp. and Subsidiaries
Condensed Consolidated Statements of Income
(In thousands, except per share data)
(Unaudited)

	Three Months	
	Ended March 31,	
	2014	2013
REVENUES:		
Premiums earned (\$17,647 and \$16,241, respectively, from related parties)	\$ 32,484	\$ 29,996
Fee and agency income (\$4,212 and \$1,161, respectively, from related parties)	9,976	4,247
Net investment income	536	504
Net realized investment gains	48	540
Other income	43	73
	<u>43,087</u>	<u>35,360</u>
EXPENSES		
Insurance benefits, claims and reserves (\$11,365 and \$8,212, respectively, from related parties)	21,786	21,233
Selling, general and administrative expenses (\$5,361 and \$3,063, respectively, from related parties)	19,649	12,604
Amortization and depreciation	237	228
	<u>41,672</u>	<u>34,065</u>
Income before income tax	1,415	1,295
Provision for income taxes	409	372
Net income	1,006	923
Less: Net income attributable to the non-controlling interest	(240)	(232)
Net income attributable to American Independence Corp.	<u>\$ 766</u>	<u>\$ 691</u>
Basic income per common share:		
Net income attributable to		
American Independence Corp. common stockholders	<u>\$.09</u>	<u>\$.09</u>
Weighted-average shares outstanding	<u>8,073</u>	<u>8,086</u>
Diluted income per common share:		
Net income attributable to		
American Independence Corp. common stockholders	<u>\$.09</u>	<u>\$.09</u>
Weighted-average diluted shares outstanding	<u>8,098</u>	<u>8,086</u>

See the accompanying Notes to Condensed Consolidated Financial Statements.

American Independence Corp. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Loss)
(In thousands)
(Unaudited)

	Three Months	
	Ended March 31,	
	2014	2013
Net income	\$ 1,006	\$ 923
Other comprehensive income (loss):		
Unrealized holding gains arising during the period	1,361	25
Reclassification adjustment for gains included in net income	(54)	(493)
Other comprehensive income (loss)	1,307	(468)
Comprehensive income	2,313	455
Less: comprehensive income attributable to non-controlling interests	(240)	(232)
Comprehensive income (loss) attributable to American Independence Corp.	\$ 2,073	\$ 223

See the accompanying Notes to Condensed Consolidated Financial Statements.

American Independence Corp. and Subsidiaries
Condensed Consolidated Statement of Changes In Stockholders' Equity
Three Months Ended March 31, 2014
(In thousands)
(Unaudited)

	ACCUMULATED					NON-		
	COMMON	ADDITIONAL	OTHER	TREASURY	ACCUMULATED	TOTAL AMIC	CONTROLLING	TOTAL
	STOCK	PAID-IN	COMPREHENSIVE	STOCK,	DEFICIT	STOCKHOLDERS'	INTERESTS IN	EQUITY
		CAPITAL	INCOME (LOSS)	AT COST		EQUITY	SUBSIDIARIES	
BALANCE AT DECEMBER 31, 2013	\$ 92	\$ 479,481	\$ (2,152)	\$ (10,305)	\$ (364,730)	\$ 102,386	\$ 218	\$ 102,604
Net income					766	766	240	1,006
Other comprehensive income (loss)			1,307			1,307		1,307
Dividends paid to non-controlling interest							(218)	(218)
Share-based compensation expense		12				12		12
Other					(13)	(13)	13	
BALANCE AT MARCH 31, 2014	\$ 92	\$ 479,493	\$ (845)	\$ (10,305)	\$ (363,977)	\$ 104,458	\$ 253	\$ 104,711

See the accompanying Notes to Condensed Consolidated Financial Statements.

American Independence Corp. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended	
	March 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,006	\$ 923
Adjustments to reconcile net income to net change in cash from operating activities:		
Net realized investment gains	(48)	(540)
Amortization and depreciation	237	228
Equity income	(41)	(70)
Deferred tax expense	403	369
Non-cash stock compensation expense	12	8
Amortization of bond premiums and discounts	135	202
Change in operating assets and liabilities:		
Change in trading securities	(354)	184
Change in policy benefits and claims	(446)	5,058
Change in net amounts due from and to reinsurers	1,418	(248)
Change in accrued fee income	(486)	578
Change in claims fund	(3,508)	(434)
Change in commissions payable	975	993
Change in premiums receivable	(551)	(3,793)
Change in income taxes	(10)	(16)
Change in other assets and other liabilities	1,641	2,654
Net cash provided by operating activities	383	6,096
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net sales of securities under resale and repurchase agreements	1,514	2,872
Sales of and principal repayments on fixed maturities	6,768	6,863
Maturities and other repayments of fixed maturities	1,183	1,047
Purchases of fixed maturities	(10,749)	(10,847)
Sales of equity securities	1	1,500
Cash paid in acquisitions, net of cash acquired	-	(1,250)
Change in loans receivable	(40)	(138)
Other investing activities	(126)	(4,084)
Net cash used by investing activities	(1,449)	(4,037)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of contingent liability on acquisition	-	(342)
Repurchases of common stock	-	(1,198)
Dividends paid to non-controlling interests	(218)	(240)
Net cash used by financing activities	(218)	(1,780)
Increase (decrease) in cash and cash equivalents	(1,284)	279
Cash and cash equivalents, beginning of period	4,424	4,576
Cash and cash equivalents, end of period	\$ 3,140	\$ 4,855
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during period for:		
Income taxes	\$ 3	\$ 4

See the accompanying Notes to Condensed Consolidated Financial Statements.

American Independence Corp. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Significant Accounting Policies and Practices

(A) Business and Organization

American Independence Corp. is a Delaware corporation (NASDAQ: AMIC). We are a holding company principally engaged in the insurance and reinsurance business through: a) our wholly owned insurance company, Independence American Insurance Company ("Independence American"); b) our full service direct writer of medical stop-loss insurance for self-insured employer groups, IHC Risk Solutions, LLC ("Risk Solutions"); c) our 23% investment in Majestic Underwriters LLC ("Majestic"); d) our 51% ownership in HealthInsurance.org, LLC ("HIO"), a lead generation agency; e) our wholly owned sales and marketing company, IHC Specialty Benefits, Inc. ("Specialty Benefits"); f) our 40% ownership in Global Accident Facilities, LLC ("GAF"), a holding company for a managing general underwriting agency for non-subscriber occupational accident business; g) our 90% ownership in IPA Family, LLC ("IPA Family"), a consumer direct sales agency; and h) our 92% ownership in IPA Direct, LLC ("IPAD"), a consumer direct sales call center.

As used in this report, unless otherwise required by the context, AMIC and its subsidiaries are sometimes collectively referred to as the "Company" or "AMIC", or are implicit in the terms "we", "us" and "our". Risk Solutions, Specialty Benefits, HIO, IPAD and IPA Family are collectively referred to as "our Agencies".

Since November 2002, AMIC has been affiliated with Independence Holding Company ("IHC"). In October 2013, IHC purchased 762,640 shares of AMIC stock for \$10.00 per share in connection with a tender offer for such shares and, as a result, IHC and its subsidiaries further increased its ownership of AMIC to 90.0%. The senior management of IHC provides direction to the Company through a service agreement between the Company and IHC. IHC has also entered into reinsurance treaties through its wholly owned subsidiaries, Standard Security Life Insurance Company of New York ("Standard Security Life") and Madison National Life Insurance Company, Inc. ("Madison National Life"), whereby the Company assumes reinsurance premiums from the following lines of business: medical stop-loss, New York statutory disability ("DBL"), short-term medical, long-term disability ("LTD") and group major medical.

(B) Basis of Presentation

The condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") and include the accounts of AMIC and its consolidated subsidiaries. All intercompany transactions have been eliminated in consolidation. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect: (i) the reported amounts of assets and liabilities; (ii) the disclosure of contingent assets and liabilities at the date of the financial statements; and (iii) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. AMIC's annual report on Form 10-K for the year ended December 31, 2013, as filed with the Securities and Exchange Commission, should be read in conjunction with the accompanying condensed consolidated financial statements.

In the opinion of management, all adjustments (consisting only of normal recurring accruals) that are necessary for a fair presentation of the condensed consolidated financial position and results of operations for the interim periods have been included. The Condensed Consolidated Statements of Income for the three months ended March 31, 2014 is not necessarily indicative of the results to be anticipated for the entire year.

(C) Recent Accounting Pronouncements

Recently Adopted Accounting Standards

In July 2013, the Financial Accounting Standards Board ("FASB"), issued guidance for the presentation of unrecognized tax benefits to better reflect the manner in which an entity would settle, at the reporting date, any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exist. The adoption of this guidance, effective January 1, 2014, did not have an effect on the Company's consolidated financial statements.

In July 2011, the FASB issued guidance specifying that the liability for the fees paid to the Federal Government by health insurers as a result of recent healthcare reform legislation should be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable with a corresponding deferred cost that is amortized to expense using a straight-line method of allocation unless another method better allocates the fee over the calendar year that it is

payable. The amendments in this Update became effective January 1, 2014. The liability for the mandated fees payable to the Federal Government is immaterial for the Company.

Recently Issued Accounting Standards Not Yet Adopted

In April 2014, the FASB issued guidance: (i) improving the definition of discontinued operations by limiting the reporting of discontinued operations to disposals of components that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results; and (ii) requiring expanded disclosures for discontinued operations. Public entities are required to apply this guidance to: (i) all disposals (or classifications as held for sale) of components of the entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years; and (ii) to all businesses that, on acquisition, are classified as held for sale that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in previously issued financial statements. The adoption of this guidance is not expected to have a material effect on the Company's consolidated financial statements.

(D) Segment Reporting

The Company manages and reports the business as a single segment in accordance with FASB guidance, which views certain qualitative and quantitative criteria for determining whether different lines of business should be aggregated for financial reporting purposes. FASB guidance requires the use of the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure or any other manner in which management disaggregates a company.

The Company is managed with a focus on its overall insurance and reinsurance capabilities as opposed to any one line of business. Our Chief Executive Officer, who is our chief decision maker, evaluates financial information for our business as a single segment in allocating resources and assessing performance. The integrated nature of our insurance lines of business with our Agencies is sufficiently commingled to permit their aggregation as a single reporting segment.

2. Income Per Common Share

Income per common share calculations are based on the weighted-average of common shares and common share equivalents outstanding during the year. Common stock options are considered to be common share equivalents and are used to calculate income per common share except when they are anti-dilutive. Included in the diluted earnings per share calculation for three months ended March 31, 2014 are approximately 25,000 shares from the assumed exercise of options using the treasury stock method. For the three months ended March 31, 2013, shares from the assumed dilution due to the exercise of common stock options using the treasury stock method were deemed anti-dilutive. Net income does not change as a result of the assumed dilution of options.

3. Fee and Agency Income

The Company records fee income as corresponding policy premiums are earned. Risk Solutions is compensated in two ways. Risk Solutions earns fee income based on the volume of business produced for marketing, underwriting and administrative services that they provide for their carriers ("fee income-administration"), and earns profit-sharing commissions if such business exceeds certain profitability benchmarks ("fee income-profit commissions"). Profit-sharing commissions are accounted for beginning in the period in which the Company believes they are reasonably estimable, which is typically at the point that claims have developed to a level where recent claim development history ("Claim Development Patterns") can be applied to generate reasonably reliable estimates of ultimate claim levels. Profit-sharing commissions are a function of Risk Solutions attaining certain profitability thresholds and could vary greatly from quarter to quarter. Agency income consists of commissions, fees and lead revenue earned by our Agencies.

Fee and Agency income consisted of the following (in thousands):

Three Months Ended March 31,			
	2014	2013	
Agency income	\$ 7,080	\$ 2,331	
Fee income–administration	2,711	1,783	
Fee income– profit commissions	185	133	
	<u>\$ 9,976</u>	<u>\$ 4,247</u>	

4. Investments

The cost (amortized cost with respect to certain fixed maturities), gross unrealized gains, gross unrealized losses and fair value of long-term investment securities are as follows (in thousands):

MARCH 31, 2014					
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE	
FIXED MATURITIES					
AVAILABLE-FOR-SALE:					
Corporate securities	\$ 39,725	\$ 295	\$ (886)	\$ 39,134	
Foreign government	1,438	-	(133)	1,305	
Collateralized mortgage obligations (CMO) – residential	1,053	8	(4)	1,057	
CMO – commercial	390	-	(42)	348	
States, municipalities and political subdivisions	23,039	249	(534)	22,754	
U.S. Government	6,694	94	(5)	6,783	
Government sponsored enterprise (GSE)	421	3	(8)	416	
Agency mortgage backed pass through securities (MBS)	76	4	-	80	
Redeemable preferred stocks	273	82	-	355	
Total fixed maturities	<u>\$ 73,109</u>	<u>\$ 735</u>	<u>\$ (1,612)</u>	<u>\$ 72,232</u>	

EQUITY SECURITIES

AVAILABLE-FOR-SALE:

Nonredeemable preferred stocks	970	32	-	1,002	
Total available-for-sale equity securities	<u>\$ 970</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 1,002</u>	

DECEMBER 31, 2013					
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE	
FIXED MATURITIES					
AVAILABLE-FOR-SALE:					
Corporate securities	\$ 35,788	\$ 140	\$ (1,361)	\$ 34,567	
Foreign government	2,665	20	(166)	2,519	
CMO - residential	1,147	8	(3)	1,152	
CMO – commercial	390	-	(153)	237	
States, municipalities and political subdivisions	22,921	163	(1,001)	22,083	
U.S. Government	6,698	118	(5)	6,811	
GSE	430	4	(12)	422	
MBS	79	4	-	83	
Redeemable preferred stocks	273	74	-	348	
Total fixed maturities	<u>\$ 70,392</u>	<u>\$ 531</u>	<u>\$ (2,701)</u>	<u>\$ 68,222</u>	

EQUITY SECURITIES

AVAILABLE-FOR-SALE

Nonredeemable preferred stocks	970	24	(6)	988	
Total available-for-sale equity securities	<u>\$ 970</u>	<u>\$ 24</u>	<u>\$ (6)</u>	<u>\$ 988</u>	

Government-sponsored enterprises (“GSEs”) are private enterprises established and chartered by the Federal Government, or its various insurance and lease programs that carry the full faith and credit obligation of the US Government.

The amortized cost and fair value of fixed maturities at March 31, 2014, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. CMOs and MBSs are shown separately, as they are not due at a single maturity.

	AMORTIZED COST	FAIR VALUE
(In thousands)		
Due in one year or less	\$ 6,728	\$ 6,830
Due after one year through five years	12,746	12,766
Due after five years through ten years	28,828	28,398
Due after ten years	22,867	22,338
CMOs and MBSs	1,940	1,900
	<u>\$ 73,109</u>	<u>\$ 72,232</u>

The following tables summarize, for all securities in an unrealized loss position at March 31, 2014 and December 31, 2013, the aggregate fair value and gross unrealized loss by length of time, those securities that have continuously been in an unrealized loss position (in thousands):

	March 31, 2014					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
FIXED MATURITIES:						
Corporate securities	\$ 16,071	\$ 432	\$ 6,606	\$ 454	\$ 22,677	\$ 886
Foreign securities	-	-	1,305	133	1,305	133
CMO – residential	681	4	-	-	681	4
CMO – commercial	-	-	348	42	348	42
U.S. Government	494	5	-	-	494	5
GSE	366	8	-	-	366	8
States, municipalities and political subdivisions	15,643	486	2,173	48	17,816	534
Total temporarily impaired securities	<u>\$ 33,255</u>	<u>\$ 935</u>	<u>\$ 10,432</u>	<u>\$ 677</u>	<u>\$ 43,687</u>	<u>\$ 1,612</u>
Number of securities in an unrealized loss position	<u>27</u>		<u>10</u>		<u>37</u>	
	December 31, 2013					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
FIXED MATURITIES:						
Corporate securities	\$ 22,800	\$ 879	\$ 5,562	\$ 482	\$ 28,362	\$ 1,361
Foreign government	-	-	1,279	166	1,279	166
CMO – residential	742	3	-	-	742	3
CMO – commercial	-	-	237	153	237	153
U.S. Government	493	5	-	-	493	5
GSE	366	12	-	-	366	12
States, municipalities and political subdivisions	14,962	895	2,265	106	17,227	1,001
Nonredeemable preferred stocks	393	6	-	-	393	6
Total temporarily impaired securities	<u>\$ 39,756</u>	<u>\$ 1,800</u>	<u>\$ 9,343</u>	<u>\$ 907</u>	<u>\$ 49,099</u>	<u>\$ 2,707</u>
Number of securities in an unrealized loss position	<u>31</u>		<u>9</u>		<u>40</u>	

Substantially all of the unrealized losses on fixed maturities at March 31, 2014 and December 31, 2013 were attributable to changes in market interest rates. Because the Company does not intend to sell, nor is it more likely than not that the Company will have to sell, such investments before recovery of their amortized cost bases, the Company does not consider those investments to be other-than-temporarily impaired at March 31, 2014.

The following table summarizes the Company’s net investment income for three months ended March 31, 2014 and 2013 (in thousands):

Three Months Ended			
March 31,			
	2014		2013
Fixed maturities	\$ 559	\$	460
Equity securities	30		47
Short-term investments	-		2
Other	(53)		(5)
Net investment income	\$ 536	\$	504

Net realized investment gains for the three months ended March 31, 2014 and 2013 are as follows (in thousands):

Three Months Ended			
March 31,			
	2014		2013
Available-for-sale securities:			
Fixed maturities	\$ 54	\$	471
Preferred stock	-		23
Total available-for-sale securities	54		494
Trading securities	(14)		6
Change in unrealized gain on trading securities	8		40
Net realized investment gains	\$ 48	\$	540

For the three months ended March 31, 2014, the Company recorded realized gross gains of \$106,000 and gross losses of \$52,000 on available-for-sale securities. For the three months ended March 31, 2013, the Company recorded realized gross gains of \$519,000 and gross losses of \$25,000 on available-for-sale securities.

We recognize an other-than-temporary impairment loss in earnings in the period that we determine: 1) we intend to sell the security; 2) it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis; or 3) the security has a credit loss. Any non-credit portion of the other-than-temporary impairment loss is recognized in other comprehensive income (loss). For the three months ended March 31, 2014 and 2013, there were no other-than-temporary impairments recognized in earnings.

Cumulative credit losses for other-than-temporary impairments recorded on securities for which a portion of an other-than-temporary impairment was recognized in other comprehensive income (loss) were \$288,000 as of March 31, 2014 and December 31, 2013.

5. Fair Value Measurements

For all financial and non-financial instruments accounted for at fair value on a recurring basis, the Company utilizes valuation techniques based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market expectations. These two types of inputs create the following fair value hierarchy:

- Level 1 – Quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 – Instruments where significant value drivers are unobservable.

The following section describes the valuation methodologies we use to measure different financial instruments at fair value.

Investments in fixed maturities and equity securities

Available-for-sale securities included in Level 1 are equity securities with quoted market prices. Level 2 is primarily comprised of our portfolio of corporate fixed income securities, government agency mortgage-backed securities, government sponsored enterprises, certain CMO securities, municipals and certain preferred stocks that were priced with observable market inputs. Level 3 securities consist of CMO securities backed by Alt-A mortgages. For these securities, we use industry-standard pricing methodologies, including discounted cash flow models, whose inputs are based on management's assumptions and available market information. Significant unobservable inputs used in the fair value measurement of CMO's are prepayment rates, probability of default, and loss severity in the event of default. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for the probability of default is accompanied by a directionally similar change in the assumption used for loss severity and a directionally opposite change in the assumption used for prepayment rates. Further we retain independent pricing vendors to assist in valuing certain instruments.

Trading securities

Trading securities included in Level 1 are equity securities with quoted market prices.

The following tables present our financial assets measured at fair value on a recurring basis at March 31, 2014 and December 31, 2013 (in thousands):

	March 31, 2014			
	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS:				
Fixed maturities available-for-sale:				
Corporate securities	\$ -	\$ 39,134	\$ -	\$ 39,134
Foreign government	-	1,305	-	1,305
CMO - residential	-	1,057	-	1,057
CMO - commercial	-	-	348	348
States, municipalities and political subdivisions	-	22,754	-	22,754
U.S. government	-	6,783	-	6,783
GSE	-	416	-	416
MBS - residential	-	80	-	80
Redeemable preferred stocks	355	-	-	355
Total fixed maturities	355	71,529	348	72,232
Equity securities available-for-sale:				
Nonredeemable preferred stocks	1,002	-	-	1,002
Total equity securities	1,002	-	-	1,002
Trading securities:				
Common Stock	1,207	-	-	1,207
Total trading securities	1,207	-	-	1,207
Total financial assets	\$ 2,564	\$ 71,529	\$ 348	\$ 74,441

December 31, 2013				
	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS:				
Fixed maturities available-for-sale:				
Corporate securities	\$ -	\$ 34,567	\$ -	\$ 34,567
Foreign government	-	2,519	-	2,519
CMO - residential	-	1,152	-	1,152
CMO – commercial	-	-	237	237
States, municipalities and political subdivisions	-	22,083	-	22,083
U.S. government	-	6,811	-	6,811
GSE	-	422	-	422
MBS - residential	-	83	-	83
Redeemable preferred stocks	348	-	-	348
Total fixed maturities	348	67,637	237	68,222
Equity securities available-for-sale:				
Nonredeemable preferred stocks	988	-	-	988
Total equity securities	988	-	-	988
Trading securities:				
Common Stock	859	-	-	859
Total trading securities	859	-	-	859
Total financial assets	\$ 2,195	\$ 67,637	\$ 237	\$ 70,069

It is the Company's policy to recognize transfers of assets and liabilities between levels of the fair value hierarchy at the end of a reporting period. For the three months ending March 31, 2014, there were no transfers of assets and liabilities between Level 1 and Level 2 of the fair value hierarchy. No securities were transferred out of the Level 2 and into the Level 3 category during the three months ended March 31, 2014 or 2013. The Company does not transfer out of Level 3 and into Level 2 until such time as observable inputs become available and reliable or the range of available independent prices narrow. No securities were transferred out of the Level 3 category during the three months ended March 31, 2014 or 2013. The changes in the carrying value of Level 3 assets and liabilities for the three months ended March 31, 2014 and 2013 are summarized as follows (in thousands):

	Three Months Ended March 31, 2014			
	CMOs			
	Residential	Commercial	Total	
Balance, beginning of period	\$ -	\$ 237	\$ 237	
Net unrealized gain included in accumulated other comprehensive income (loss)	-	111	111	
Balance, end of period	\$ -	\$ 348	\$ 348	
	Three Months Ended March 31, 2013			
	CMOs			
	Residential	Commercial	Total	
Balance, beginning of period	\$ 408	\$ 228	\$ 636	
Sales of securities	(415)	-	(415)	
Repayments of fixed maturities	(9)	-	(9)	
Net realized investment gains	225	-	225	
Net unrealized gain (loss) included in accumulated other comprehensive income (loss)	(209)	2	(207)	
Balance, end of period	\$ -	\$ 230	\$ 230	

6. Other Intangible Assets

The change in the carrying amount of other intangible assets for the three months ended March 31, 2014 and 2013 are as follows (in thousands):

	Three Months Ended	
	March 31,	
	2014	2013
Balance, beginning of period	\$ 2,336	\$ 3,379
Adjustment for contingent payment	-	(183)
Amortization expense	(198)	(208)
Balance, end of period	\$ 2,138	\$ 2,988

In July 2012, AMIC acquired the assets and renewal contract rights of a MGU of medical stop-loss business for an aggregate purchase price of \$1,825,000. The purchase price consisted of \$1,300,000 in cash and \$525,000 in contingent consideration which was expected to be paid in early 2013 based on expected growth in the acquired block of business. AMIC recorded other intangible assets representing broker relationships, which will be amortized over a weighted average period of 7.0 years. In accordance with the terms of the agreement, the fair value of the contingent liability was re-measured in the first quarter of 2013 resulting in a cash payment of \$342,000 and a \$183,000 decrease in the related intangible asset.

In November 2012, AMIC entered into a consulting agreement to continue writing certain medical stop-loss business for an aggregate fee of \$1,100,000. The fee consisted of \$500,000 in cash and \$600,000 in contingent consideration expected to be paid in 2013 and 2014 based on the expected block of business. AMIC recorded other intangible assets representing broker relationships, which will be amortized over a weighted average period of 7.0 years. In accordance with the terms of the agreement, \$300,000 of the contingent consideration was paid in the fourth quarter of 2013, and the remaining \$300,000 is expected to be paid in 2014.

7. Related-Party Transactions

AMIC and its subsidiaries incurred expense of \$248,000 and \$229,000 for the three months ended March 31, 2014 and 2013, respectively, from service agreements with IHC and its subsidiaries which is recorded in Selling, General and Administrative Expenses in the Condensed Consolidated Statements of Income. These payments reimburse IHC and its subsidiaries, at agreed upon rates including an overhead factor, for certain services provided to AMIC and its subsidiaries, including general management, corporate strategy, accounting, legal, compliance, underwriting, and claims.

Independence American assumes premiums from IHC subsidiaries, and records related insurance income, expenses, assets and liabilities. Independence American pays administrative fees and commissions to subsidiaries of IHC in connection with fully insured health and medical stop-loss business written and assumed by Independence American. Additionally, Risk Solutions markets, underwrites and provides administrative services, and also provides medical management and claims adjudication, for a substantial portion of the medical stop-loss business written by the insurance subsidiaries of IHC. Risk Solutions records related income, assets and liabilities in connection with that business. Such related-party information is disclosed on the Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Income. The Company also contracts for several types of insurance coverage (e.g. directors and officers and professional liability coverage) jointly with IHC. The cost of this coverage is split proportionally between the Company and IHC according to the type of risk and the Company's portion is recorded in Selling, General and Administrative Expenses.

8. Share-Based Compensation

Total share-based compensation expense was \$12,000 and \$8,000 for the three months ended March 31, 2014 and 2013, respectively. Related tax benefits of \$4,000 and \$3,000 were recognized for the three months ended March 31, 2014 and 2013, respectively.

Under the terms of the Company's stock-based compensation plan, option exercise prices are equal to the quoted market price of the shares at the date of grant; option terms are ten years; and vesting periods range from three to four years. The Company may also grant shares of restricted stock, stock appreciation rights and share-based performance awards. Restricted shares are valued at the quoted market price of the shares at the date of grant, and have a three year vesting period.

Stock Options

The following table summarizes information regarding outstanding and exercisable options as of March 31, 2014:

	Outstanding	Exercisable
Number of options	173,283	158,838
Weighted average exercise price per share	\$ 10.74	\$ 11.11
Aggregate intrinsic value of options	\$ 288,000	\$ 228,000
Weighted average contractual term remaining	3.29 years	2.80 years

The Company's stock option activity for the three months ended March 31, 2014 is as follows:

	No. of Shares Under Option	Weighted Average Exercise Price
Balance, December 31, 2013	222,285	\$ 11.46
Expired	(49,002)	14.01
Balance, March 31, 2014	173,283	\$ 10.74

Compensation expense of \$12,000 and \$8,000 was recognized for the three months ended March 31, 2014 and 2013, respectively, for the portion of the fair value of stock options vesting during that period.

As of March 31, 2014, there was approximately \$47,000 of total unrecognized compensation expense related to non-vested options which will be recognized over the remaining requisite service periods.

9. Other Comprehensive Income (Loss)

The components of other comprehensive income (loss) include the after-tax net unrealized gains and losses on investment securities available for sale including the subsequent increases and decreases in fair value of available-for-sale securities previously impaired and the non-credit related component of other-than-temporary impairments of fixed maturities and equity securities.

Included in accumulated other comprehensive income (loss) at March 31, 2014 and December 31, 2013 are adjustments of \$269,000 related to the non-credit related component of other-than-temporary impairment losses recorded.

10. Income Taxes

The provision for income taxes shown in the Condensed Consolidated Statements of Income was computed based on the Company's actual results, which approximate the effective tax rate expected to be applicable for the balance of the current fiscal year. At March 31, 2014, the Company had consolidated net operating loss ("NOL") carryforwards of approximately \$265,229,000 for federal income tax purposes expiring in varying amounts through the year 2028 with a significant portion expiring in 2020.

The net deferred tax assets shown in the Condensed Consolidated Balance Sheets for the periods ending March 31, 2014 and December 31, 2013 are \$10,850,000 and \$11,248,000, respectively. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The Internal Revenue Service ("IRS") has previously audited the Company's 2003, 2004 and 2009 consolidated income tax returns and made no changes to the reported tax for those periods. The IRS has not audited any of AMIC's tax returns for any of the years in which the losses giving rise to the NOL carryforward were reported. Management believes that it is more likely than not that the Company will realize the benefits of these net deferred tax assets recorded at March 31, 2014.

11. Repurchase of Common Stock

In accordance with the Company's Share Repurchase Program, the Company repurchased 199,784 shares of its common stock at a cost of \$1,198,000 during January 2013. No shares were repurchased in 2014. As of March 31, 2014, 500,000 shares were still authorized to be repurchased under the program.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of the financial condition and results of operations of American Independence Corp. ("AMIC") and its subsidiaries (collectively, the "Company") should be read in conjunction with, and is qualified in its entirety by reference to, the consolidated financial statements of the Company and the related Notes thereto appearing in our annual report on Form 10-K for the year ended December 31, 2013, as filed with the Securities and Exchange Commission, and our condensed consolidated financial statements and related Notes thereto appearing elsewhere in this quarterly report.

Overview

We are an insurance holding company engaged in the insurance and reinsurance business through our wholly owned insurance company, Independence American Insurance Company ("Independence American"), our wholly owned sales and marketing company, IHC Specialty Benefits, Inc. ("Specialty Benefits"), our wholly owned full service direct writer of medical-stop insurance for self-insured employer groups, IHC Risk Solutions, LLC ("Risk Solutions"), our 92% owned consumer direct sales call center, IPA Direct, LLC ("IPAD"), our 90% owned consumer direct sales agency, IPA Family LLC ("IPA Family"), and our 51% owned lead generation agency, HealthInsurance.org ("HIO"). Risk Solutions, Specialty Benefits, HIO, IPAD and IPA Family are collectively referred to as "our Agencies". Since November 2002, AMIC has been affiliated with Independence Holding Company ("IHC"), which owned 90% of AMIC's stock as of March 31, 2014. The senior management of IHC provides direction to the Company through a service agreement between the Company and IHC. As of March 31, 2014, a significant amount of Independence American's revenue was from reinsurance premiums. The majority of these premiums are ceded to Independence American from IHC under reinsurance treaties to cede its gross medical stop-loss premiums written to Independence American. In addition, Independence American assumes fully insured health, short-term statutory disability benefit product in New York State ("DBL") and long-term disability ("LTD") premiums from IHC, and assumes medical stop-loss premiums from unaffiliated carriers. Independence American writes pet insurance, medical stop-loss, short-term medical, occupational accident, dental and other ancillary products. Given its broad licensing, A- (Excellent) rating from A.M. Best Company, Inc. ("A.M. Best"), and that it is the only property and casualty company in IHC, Independence American expects to expand the distribution of its international health, occupational accident, and pet insurance products.

While management considers a wide range of factors in its strategic planning, the overriding consideration is underwriting profitability. Management's assessment of trends in healthcare and in the medical stop-loss market play a significant role in determining whether to expand Independence American's health insurance premiums. Since Independence American reinsures a portion of all of the business produced by Risk Solutions, and since it is also eligible to earn profit sharing commissions based on the profitability of the business it places, Risk Solutions also emphasizes underwriting profitability. In addition, management focuses on controlling operating costs. By sharing employees with IHC and sharing resources among our subsidiaries, we strive to maximize our earnings.

Independence American Insurance Company

Independence American, which is domiciled in Delaware, is licensed to write property and/or casualty insurance in all 50 states and the District of Columbia, and has an A- (Excellent) rating from A.M. Best. We have been informed by A.M. Best that an A.M. Best rating is assigned after an extensive quantitative and qualitative evaluation of a company's financial condition and operating performance, and is also based upon factors relevant to policyholders, agents, and intermediaries, and is not directed towards protection of investors. A.M. Best ratings are not recommendations to buy, sell or hold securities of the Company. Independence American's unaudited statutory capital and surplus as of March 31, 2014 was \$58,341,000.

Agencies

Risk Solutions has offices near Hartford, CT, Philadelphia, PA, Chicago, IL, and Ft. Wayne, IN and markets and underwrites employer medical stop-loss for Standard Security Life Insurance Company of New York ("Standard Security Life"), Madison National Life Insurance Company, Inc. ("Madison National Life"), Independence American, and one other carrier. The Company has a 51% interest in HIO, which is headquartered in Minneapolis, MN. HIO is a lead generation agency through its well-established internet domain address: www.healthinsurance.org. The Company owns Specialty Benefits, which is also headquartered in Minneapolis, MN. Specialty Benefits is a sales and marketing company. The Company has a 90% interest in IPA Family, which is headquartered in Tampa, FL. IPA Family is a consumer direct sales agency. The Company has a 92% interest in IPAD, which is headquartered in Lake Mary, FL. IPAD is a consumer direct sales call center.

The following is a summary of key performance information and events:

The results of operations for the three months ended March 31, 2014 and 2013 are summarized as follows (in thousands):

	Three Months Ended	
	March 31,	
	2014	2013
Revenues	\$ 43,087	\$ 35,360
Expenses	41,672	34,065
Income before income tax	1,415	1,295
Provision for income taxes	409	372
Net income	1,006	923
Less: Net income attributable to the non-controlling interest	(240)	(232)
Net income attributable to American Independence Corp.	\$ 766	\$ 691

- The book value of the Company increased to \$12.94 per share at March 31, 2014 compared to \$12.68 per share at December 31, 2013.
- Net income per share was to \$.09 per share, diluted, or \$0.8 million, for the three months ended March 31, 2014, compared to \$.09 per share, diluted, or \$0.7 million for the three months ended March 31, 2013.
- At March 31, 2014, 99.5% of the Company's fixed maturities were investment grade.
- Consolidated investment yields were 2.8% and 3.0% for the three months ended March 31, 2014 and 2013, respectively.
- Premiums earned increased 8% to \$32.5 million for the three months ended March 31, 2014 compared to \$30.0 million for the three months ended March 31, 2013, primarily due to higher premiums for pet insurance, assumed medical stop-loss, and occupational accident business, offset by lower premiums for direct and assumed group major medical, direct medical stop-loss, and direct individual health business.
- For the three months ended March 31, 2014, our Agencies generated revenues of \$10.0 million compared to \$4.3 million for the three months ended March 31, 2013 due to higher revenues generated at HIO, Risk Solutions, IPAD and Specialty Benefits.
- Underwriting experience as indicated by GAAP Combined Ratios, on our three lines of business for the three months ended March 31, 2014 and 2013, are as follows (in thousands):

▪ Medical Stop-Loss	Three Months Ended	
	March 31,	
	2014	2013
Premiums Earned	\$ 14,558	\$ 13,874
Insurance Benefits Claims and Reserves	10,279	10,678
Profit Commission Expense	320	368
Expenses	3,773	3,421
Loss Ratio ^(A)	70.6%	77.0%
Profit Commission Expense Ratio ^(B)	2.2%	2.7%
Expense Ratio ^(C)	25.9%	24.6%
Combined Ratio ^(D)	98.7%	104.3%

▪ Fully Insured Health	Three Months Ended March 31,	
	2014	2013
Premiums Earned	\$ 16,505	\$ 14,957
Insurance Benefits Claims and Reserves	10,664	9,879
Profit Commission Expense	342	290
Expenses	4,810	3,608
Loss Ratio ^(A)	64.6%	66.0%
Profit Commission Expense Ratio ^(B)	2.1%	1.9%
Expense Ratio ^(C)	29.1%	24.2%
Combined Ratio ^(D)	95.8%	92.1%

▪ Group Disability	Three Months Ended March 31,	
	2014	2013
Premiums Earned	\$ 1,421	\$ 1,165
Insurance Benefits Claims and Reserves	843	676
Expenses	421	228
Loss Ratio ^(A)	59.3%	58.0%
Expense Ratio ^(C)	29.7%	19.6%
Combined Ratio ^(D)	89.0%	77.6%

(A) Loss ratio represents insurance benefits, claims and reserves divided by premiums earned.

(B) Profit commission expense ratio represents profit commissions divided by premiums earned.

(C) Expense ratio represents commissions, administrative fees, premium taxes and other underwriting expenses divided by premiums earned.

(D) The combined ratio is equal to the sum of the loss ratio, profit commission expense ratio and the expense ratio.

- The Company recorded a decrease in the loss ratio in the medical stop-loss line of business for the three months ended March 31, 2014. This is due to favorable claims experience on direct business, partially offset by unfavorable claims experience on assumed business emanating from a non-owned MGU program that was terminated effective December 31, 2013.
- The Company recorded an increase in the combined ratio in the fully insured health line of business for the three months ended March 31, 2014 primarily due to an increase in the expense ratio due to a change in the mix of business to lines that have higher commission and expenses structures, partially offset by a decrease in loss ratio as the Company moves to specialty health lines and moves away from major medical.
- The Company experienced a slightly higher loss ratio for group disability for the three months ended March 31, 2014 as a result of a higher frequency of DBL claims and a higher percentage change in the expense ratio as a result of a change in the mix of business.

Critical Accounting Policies

The accounting and reporting policies of the Company conform to U.S. generally accepted accounting principles ("U.S. GAAP"). The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. A summary of the Company's significant accounting policies and practices is provided in Note 1 of the Notes to the Consolidated Financial Statements included in Item 8 of the Annual Report on Form 10-K for the year ended December 31, 2013. Management has identified the accounting policies related to Policy Benefits and Claims, Premium and Fee income Revenue Recognition, Reinsurance, Income Taxes, Investments, Goodwill and Other Intangibles as those that, due to the judgments, estimates and assumptions inherent in those policies, are critical to an understanding of the Company's

condensed consolidated financial statements and this Management's Discussion and Analysis. A full discussion of these policies is included under Critical Accounting Policies in Item 7 of the Annual Report on Form 10-K for the year ended December 31, 2013. During the three months ended March 31, 2014, there were no additions to or changes in the critical accounting policies disclosed in the Form 10-K for the year ended December 31, 2013 except for the recently adopted accounting standards discussed in Note 1(C) of the Notes to the Condensed Consolidated Financial Statements.

Results of Operations for the Three Months Ended March 31, 2014, Compared to the Three Months Ended March 31, 2013.

<u>March 31,</u> <u>2014</u>	<u>Premiums</u> <u>Earned</u>	<u>Fees and</u> <u>Other</u> <u>Income</u>	<u>Net</u> <u>Investment</u> <u>Income</u>	<u>Benefits,</u> <u>Claims</u> <u>and</u> <u>Reserves</u>	<u>Selling,</u> <u>General</u> <u>and</u> <u>Admin</u>	<u>Amortization</u> <u>and</u> <u>Depreciation</u>	<u>Total</u>
(In thousands)							
Independence							
American:							
Medical stop-loss	\$ 14,558	-	302	10,279	4,093	-	\$ 488
Fully Insured							
Health	16,505	-	169	10,664	5,152	-	858
Group Disability	1,421	-	21	843	421	-	177
Total Independence							
American	32,484	-	491	21,786	9,666	-	1,523
Risk Solutions							
And Agencies	-	10,019	29	-	9,540	237	271
Corporate	-	-	16	-	443	-	(427)
Subtotal	\$ 32,484	10,019	536	21,786	19,649	237	1,367
Net realized investment gains							48
Income before income taxes							1,415
Income taxes							(409)
Net income							1,006
Less: Net income attributable to the non-controlling interest							(240)
Net income attributable to American Independence Corp.							\$ 766
<u>March 31,</u> <u>2013</u>	<u>Premiums</u> <u>Earned</u>	<u>Fees and</u> <u>Other</u> <u>Income</u>	<u>Net</u> <u>Investment</u> <u>Income</u>	<u>Benefits,</u> <u>Claims</u> <u>and</u> <u>Reserves</u>	<u>Selling,</u> <u>General</u> <u>and</u> <u>Admin</u>	<u>Amortization</u> <u>and</u> <u>Depreciation</u>	<u>Total</u>
(In thousands)							
Independence							
American:							
Medical stop-loss	\$ 13,874	-	297	10,678	3,789	-	\$ (296)
Fully Insured							
Health	14,957	-	140	9,879	3,898	-	1,320
Group Disability	1,165	-	15	676	228	-	276
Total Independence							
American	29,996	-	452	21,233	7,915	-	1,300
Risk Solutions							
and Agencies	-	4,320	28	-	4,338	228	(218)
Corporate	-	-	24	-	351	-	(327)
Subtotal	\$ 29,996	4,320	504	21,233	12,604	228	755
Net realized investment gains							540
Income before income taxes							1,295
Income taxes							(372)
Net income							923
Less: Net income attributable to the non-controlling interest							(232)
Net income attributable to American Independence Corp.							\$ 691

Premiums Earned. Premiums earned increased 8%, or \$2,488,000 from 2013 to 2014. The Company currently has three lines of business. Premiums relating to medical stop-loss business increased \$684,000. This is due to an increase of \$1,939,000 in medical stop-loss premiums assumed by Independence American, offset by a decrease of \$1,255,000 in medical stop-loss premiums written by Independence American through an independent MGU that has been terminated. Premiums relating to fully insured health consisting of major medical, fixed indemnity limited benefit, short-term medical, dental, vision, small group stop-loss, hospital indemnity, occupational accident, pet insurance, international medical, and individual health increased \$1,548,000. The increase is primarily due to an increase of \$2,896,000 in pet premiums, an increase in occupational accident business written by Independence American of \$2,003,000, an increase in international medical premiums assumed by Independence American of \$312,000, an increase in small group stop-loss business written by Independence American of \$272,000, and an increase in fixed indemnity limited benefit assumed by Independence American of \$250,000, offset by a decrease in major medical premiums written and assumed by

Independence American of \$3,554,000, and a decrease in individual health premiums written by Independence American of \$864,000. Premiums relating to group disability increased \$256,000 due to higher DBL premiums assumed by Independence American. For the three months ended March 31, 2014, Independence American assumed 10% of IHC's short-term medical business, 20% of IHC's DBL business, 8% of certain of IHC's LTD business, and approximately 26% of IHC's medical stop-loss business. There were no significant changes to these percentages from the prior year. For the three months ended March 31, 2014 and March 31, 2013, Independence American assumed approximately 10% and 8%, respectively, of certain of IHC's group major medical business.

Fee and Agency Income. Fee and agency income increased \$5,729,000 from 2013 to 2014. Risk Solutions fee income-administration increased \$928,000 to \$2,711,000 for 2014, compared to \$1,783,000 for 2013. Risk Solutions fee income-profit commission increased \$52,000 to \$185,000 for 2014, compared to \$133,000 for 2013. Profit commissions for a given year are based primarily on the performance of business written during portions of the three preceding years. Therefore, profit commissions for 2014 are based on business written during portions of 2011, 2012 and 2013. In 2014, agency income consisted of commission income and other fees of \$795,000 and \$109,000 from IPA Family and IPAD, respectively, and revenue of \$4,470,000 and \$1,706,000 from HIO and Specialty Benefits, respectively. In 2013, agency income consisted of commission income and other fees of \$938,000 from IPA Family and revenue of \$1,040,000 and \$353,000 from HIO and Specialty Benefits, respectively.

Net Investment Income. Net investment income increased \$32,000 from 2013 to 2014. The consolidated investment yields were 2.8% and 3.0% for the three months ended March 31, 2014 and 2013, respectively.

Net Realized Investment Gains. The Company recorded a net realized investment gain of \$48,000 for the three months ended March 31, 2014, compared to a gain of \$540,000 for the three months ended March 31, 2013. The Company's decision as to whether to sell securities is based on management's ongoing evaluation of investment opportunities and economic market conditions, thus creating fluctuations in realized gains or losses from period to period.

Other Income. Other income decreased \$30,000 from 2013 to 2014.

Insurance Benefits, Claims and Reserves. Insurance benefits claims and reserves increased 3%, or \$553,000 from 2013 to 2014. The increase is primarily due to an increase in pet of \$1,858,000 due to higher premiums, an increase in assumed medical stop-loss of \$1,547,000 due to higher premiums assumed and a higher loss ratio, an increase in occupational accident of \$1,028,000 due to higher premiums, an increase in other major medical of \$460,000 due to higher premiums and a higher loss ratio, and an increase in assumed international health of \$299,000 due to higher premiums assumed and a higher loss ratio, offset by a decrease in direct and assumed major medical of \$2,702,000 due to lower premiums, and a decrease in direct medical stop-loss of \$1,945,000 due to lower premiums and a lower loss ratio.

Selling, General and Administrative. Selling, general and administrative expenses increased \$7,045,000 from 2013 to 2014. This increase is due to higher expenses at HIO of \$3,412,000 due to higher referral fees, higher commission expense of \$1,483,000 at Independence American due to higher premiums, higher expenses of \$1,063,000 and \$657,000 at Specialty Benefits and Risk Solutions, respectively, primarily due to higher salary expense relating to an increase in sales, and higher expenses of \$290,000 due to the formation of IPAD in July 2013.

Amortization and Depreciation. Amortization and depreciation expense increased \$9,000 from 2013 to 2014.

Income Taxes. The provision for income taxes increased \$37,000 to \$409,000, an effective rate of 34.8%, for the three months ended March 31, 2014, compared to \$372,000, an effective rate of 35.0%, for the three months ended March 31, 2013. Net income for the three months ended March 31, 2014 and 2013 includes a non-cash provision for federal income taxes of \$398,000 and \$353,000, respectively. The state tax effective rate decreased to (0.2)% for the three months ended March 31, 2014, compared to 0.6% for the three months ended March 31, 2013. For as long as AMIC utilizes its NOL carryforwards, it will not pay any income taxes, except for federal alternative minimum taxes and state income taxes.

Net Income attributable to the non-controlling interest. Net income attributable to the non-controlling interest increased \$8,000 from 2013 to 2014. The net income for the three months ended March 31, 2014 and 2013 relates to the 49% non-controlling interest in HIO and the 10% non-controlling interest in IPA Family. Also included in the net income for the three months ended March 31, 2014 is the 8% non-controlling interest in our new company IPAD.

Net Income attributable to American Independence Corp. The net income attributable to the Company increased to \$766,000, or \$.09 per share, diluted, for the three months ended March 31, 2014, compared to \$691,000, or \$.09 per share, diluted, for the three months ended March 31, 2013.

LIQUIDITY

Independence American

Independence American principally derives cash flow from: (i) operations; (ii) the receipt of scheduled principal payments on its portfolio of fixed income securities; and (iii) earnings on investments and other investing activities. Such cash flow is partially used to finance liabilities for insurance policy benefits and reinsurance obligations.

Corporate

Corporate derives cash flow funds principally from: dividends and tax payments from its subsidiaries and investment income from corporate liquidity. The ability of Independence American to pay dividends to its parent company is governed by Delaware insurance laws and regulations; otherwise, there are no regulatory constraints on the ability of any of our subsidiaries to pay dividends to its parent company. For the three months ended March 31, 2014, Independence American and our Agencies paid \$136,000 in dividends to Corporate.

Cash Flows

The Company had \$3.1 million and \$4.4 million of cash and cash equivalents as of March 31, 2014 and December 31, 2013, respectively.

For the three months ended March 31, 2014, operating activities provided the Company with \$0.4 million of cash, whereas \$1.4 million of cash was utilized by investing activities due to higher net purchases of fixed maturity securities offset by higher net sales of securities under resale and repurchase agreements. Financing activities, which utilized \$0.2 million for the period, includes a \$0.2 million utilized to pay dividends to noncontrolling interests.

At March 31, 2014 and December 31, 2013, the Company had \$14,693,000 and \$10,067,000 of restricted cash at Risk Solutions. These amounts are directly offset by corresponding liabilities for Premium and Claim Funds Payable. The amount increased \$4,626,000 due to the timing of paid claims during the year. This asset, in part, represents the premium that is remitted by the insureds and is collected by Risk Solutions on behalf of the insurance carriers they represent. Each month the premium is remitted to the insurance carriers by Risk Solutions. Until such remittance is made the collected premium is carried as an asset on the balance sheet with a corresponding payable to each insurance carrier. In addition to the premium being held at Risk Solutions, Risk Solutions is in possession of cash to pay claims. The cash is deposited by each insurance carrier into a bank account that Risk Solutions can access to reimburse claims in a timely manner. The cash is used by Risk Solutions to pay claims on behalf of the insurance carriers they represent.

At March 31, 2014, the Company had \$34,806,000 of policy benefits and claims that it expects to pay out of current assets and cash flows from future business. If necessary, the Company could utilize the cash received from maturities and repayments of its fixed maturity investments if the timing of claim payments associated with the Company's policy benefits and claims does not coincide with future cash flows.

The Company believes it has sufficient cash to meet its currently anticipated business requirements over the next twelve months including working capital requirements and capital investments.

BALANCE SHEET

Total investments, net of amounts due to/from brokers, increased \$2,787,000 to \$76,546,000 during the three months ended March 31, 2014 from \$73,759,000 at December 31, 2013, primarily due to higher net purchases of fixed maturity securities, and a decrease in net unrealized losses on investments.

The Company had receivables from reinsurers of \$6,507,000 at March 31, 2014. Substantially all of the business ceded to such reinsurers is of short duration. All of such receivables are either due from related parties, highly rated companies or are adequately secured. No allowance for doubtful accounts was deemed necessary at March 31, 2014.

The Company's policy benefits and claims by line of business are as follows (in thousands):

	Total Policy Benefits and Claims	
	March 31, 2014	December 31, 2013
Medical Stop-Loss	\$ 20,670	\$ 20,618
Fully Insured Health	12,695	13,276
Group Disability	1,441	1,358
	<u>\$ 34,806</u>	<u>\$ 35,252</u>

The decrease in total policy benefits and claims of \$446,000 is primarily attributable to a decrease in group major medical premiums written and assumed by Independence American, offset by an increase in pet and occupational accident premiums written.

Generally, during the first twelve months of an underwriting year, reserves for medical stop-loss are first set at the projected net loss ratio, which is determined using assumptions developed using completed prior experience trended forward. The projected net loss ratio is the Company's best estimate of future performance until such time as developing losses provide a better indication of ultimate results.

Major factors that affect the projected net loss ratio assumption in reserving for medical stop-loss relate to: (i) frequency and severity of claims; (ii) changes in medical trend resulting from the influences of underlying cost inflation, changes in utilization and demand for medical services, the impact of new medical technology and changes in medical treatment protocols; and (iii) the adherence to the Company's underwriting guidelines. Changes in these underlying factors are what determine the reasonably likely changes in the projected net loss ratio.

The primary assumption in the determination of fully insured reserves is that historical claim development patterns tend to be representative of future claim development patterns. Factors which may affect this assumption include changes in claim payment processing times and procedures, changes in product design, changes in time delay in submission of claims, and the incidence of unusually large claims. The reserving analysis includes a review of claim processing statistical measures and large claim early notifications; the potential impacts of any changes in these factors are minimal. The time delay in submission of claims tends to be stable over time and not subject to significant volatility. Since our analysis considered a variety of outcomes related to these factors, the Company does not believe that any reasonably likely change in these factors will have a material effect on the Company's financial condition, results of operations, or liquidity.

The \$2,072,000 increase in AMIC's stockholders' equity in the first three months of 2014 is due to net income of \$766,000 and a decrease in net unrealized losses on investments of \$1,307,000. The decrease in net unrealized losses on investments is due to a decrease in interest rates, which increased the value of the Company's bond portfolio.

Asset Quality and Investment Impairments

The nature and quality of insurance company investments must comply with all applicable statutes and regulations, which have been promulgated primarily for the protection of policyholders. The Company's gross unrealized losses on available-for-sale securities totaled \$845,000 at March 31, 2014. Approximately 99.5% of the Company's fixed maturities were investment grade. The Company marks all of its available-for-sale securities to fair value through accumulated other comprehensive income or loss. Higher grade investments tend to carry less default risk and, therefore, lower interest rates than other types of fixed maturity investments. At March 31, 2014, approximately 0.5% (or \$348,000) of the carrying value of fixed maturities was invested in non-investment grade fixed maturities (primarily mortgage securities) (investments in such securities have different risks than investment grade securities, including greater risk of loss upon default, and thinner trading markets). The Company does not have any non-performing fixed maturity investments at March 31, 2014.

The Company reviews its investments regularly and monitors its investments continually for impairments. There were no realized losses for other-than-temporary impairments recorded for the three months ended March 31, 2014 and 2013. At March 31, 2014, the Company did not own securities in which the carrying value was less than 80% of their amortized cost.

The unrealized losses on all available-for-sale securities have been evaluated in accordance with the Company's impairment policy and were determined to be temporary in nature at March 31, 2014. In 2014, the Company experienced a decrease in net unrealized losses of \$1,307,000, which increased stockholders' equity by \$1,307,000 (reflecting net unrealized losses of \$845,000 at March 31, 2014 compared to net unrealized losses of \$2,152,000 at December 31, 2013). From time to time, as warranted, the Company may employ investment strategies to mitigate interest rate and other market exposures. Further deterioration in credit quality of the companies backing the securities, further deterioration in the condition of the financial services industry, a continuation of the current imbalances in liquidity that exist in the marketplace, a continuation or worsening of the current economic recession, or additional declines in real estate values may further affect the fair value of these securities and increase the potential that certain unrealized losses be designated as other-than-temporary in future periods and the Company may incur additional write-downs.

CAPITAL RESOURCES

As Independence American's total adjusted capital was significantly in excess of the authorized control level risk-based capital, the Company remains well positioned to increase or diversify its current activities. It is anticipated that future acquisitions or other expansion of operations will be funded internally from existing capital and surplus and parent company liquidity. In the event additional funds are required, it is expected that they would be borrowed or raised in the public or private capital markets to the extent determined to be necessary or desirable.

OUTLOOK

Independence American

Independence American, which is domiciled in Delaware, is licensed to write property and/or casualty insurance in all 50 states and the District of Columbia, and has an A- (Excellent) rating from A.M. Best Company, Inc. ("A.M. Best"). An A.M. Best rating is assigned after an extensive quantitative and qualitative evaluation of a company's financial condition and operating performance, and is also based upon factors relevant to policyholders, agents, and intermediaries, and is not directed towards protection of investors. A.M. Best ratings are not recommendations to buy, sell or hold securities of the Company.

The majority of Independence American's revenue is from reinsurance premiums, although Independence American continues to increase the premiums written on its paper. Independence American is focusing on sales of pet insurance, non-subscriber occupational accident, hospital indemnity, short-term medical, fixed indemnity limited benefit, dental, and small-group medical stop-loss. Independence American has ceased writing major medical plans for individuals and families and has curtailed writing small group major medical. Given its A- (Excellent) rating from A.M. Best, Independence American expects to expand the distribution of its pet insurance, occupational accident and ancillary health products. The majority of major medical plans for individuals and families was written through IPA Family. IPA Family and IPAD have begun to write major medical through well-known national insurance companies while continuing to focus on Independence American's and IHC's ancillary products.

- We experienced meaningful growth in reinsured medical stop-loss premiums in 2013 as a result of growth in business written by IHC, and this trend is continuing in 2014. We have also begun writing small group stop-loss on Independence American paper. This increase is attributable to a growing market for medical stop-loss as smaller employers identify the advantages of self-funding, the expansion of IHC as a direct writer, and the emergence of IHC's captive solution program.

- Our pet insurance premiums are expected to continue to grow in 2014.

- We continue to focus on direct-to-consumer distribution initiatives through www.healthdeals.com, IPAD, IPA Family and HIO as we believe this will be a growing means for selling health insurance and ancillary products in the coming years.

- Our individual major medical premiums will dissipate in 2014 as a result of having exited this line of business.

- Further adapting to health care reform by continuing to proactively adjust our distribution strategies and mix of Fully Insured Health products to take advantage of changing market demands.

- Our small group major medical reinsured premiums will continue to decrease in 2014 as a result of exiting the two states in which Independence American wrote business, and a decrease of premiums reinsured from IHC.

- We intend to increase our sales of (and reinsurance from IHC's sales of) short-term and fixed indemnity limited benefit and ancillary health products to offset the reduction in major medical premiums. We will also increase our DBL reinsurance premiums due to higher sales at IHC, and health insurance for groups seeking coverage for expatriate employees.

- Significant growth in non-subscriber occupational accident insurance in Texas.

- We make changes in the valuation allowance for our deferred tax asset from time to time as our earnings grow, which would positively impact our earnings and book value.

IHC Treaties

Independence American derives a significant amount of its premiums from pro rata quota share reinsurance treaties (“IHC Treaties”) with Standard Security Life and Madison National Life, which are wholly owned subsidiaries of IHC. These treaties, which were to terminate on December 31, 2014, have been amended to extend the termination date to December 31, 2019. With respect to the IHC Treaties, the Company’s operating results are affected by the following factors: (i) the percentage of business ceded to Independence American pursuant to the IHC Treaties; (ii) the amount of gross premium written by Standard Security Life or Madison National Life that is ceded to the IHC Treaties; and (iii) the amount of gross premium produced by Risk Solutions and other distribution sources written by carriers other than Standard Security Life or Madison National Life that is ceded to Independence American. The profitability of the business ceded will also impact our operating results. Independence American assumes medical stop-loss, fully insured health, DBL and LTD premiums from IHC under the IHC Treaties.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company manages interest rate risk by seeking to maintain an investment portfolio with a duration and average life that falls within the band of the duration and average life of the applicable liabilities. Options and other derivatives may be utilized to modify the duration and average life of such assets.

The Company monitors its investment portfolio on a continuous basis and believes that the liquidity of the Company will not be adversely affected by its current investments. This monitoring includes the maintenance of an asset-liability model that matches current insurance liability cash flows with current investment cash flows. This is accomplished by first creating an insurance model of the Company’s in-force policies using current assumptions on mortality, lapses and expenses. Then, current investments are assigned to specific insurance blocks in the model using appropriate prepayment schedules and future reinvestment patterns.

The results of the model specify whether the investments and their related cash flows can support the related current insurance cash flows. Additionally, various scenarios are developed changing interest rates and other related assumptions. These scenarios help evaluate the market risk due to changing interest rates in relation to the business.

The expected change in fair value as a percentage of the Company’s fixed income portfolio at March 31, 2014 given a 100 to 200 basis point rise or decline in interest rates is not materially different than the expected change at December 31, 2013 included in Item 7A of the Company’s Annual Report on Form 10-K.

In the Company’s analysis of the asset-liability model, a 100 to 200 basis point change in interest rates on the Company’s liabilities would not be expected to have a material adverse effect on the Company. With respect to its investments, the Company employs (from time to time as warranted) investment strategies to mitigate interest rate and other market exposures.

Item 4. Controls and Procedures

AMIC’s Chief Executive Officer and Chief Financial Officer supervised and participated in AMIC’s evaluation of its disclosure controls and procedures as of the end of the period covered by this report. Disclosure controls and procedures are controls and procedures designed to ensure that information required to be disclosed in AMIC’s periodic reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Based upon that evaluation, AMIC’s Chief Executive Officer and Chief Financial Officer concluded that AMIC’s disclosure controls and procedures are effective.

There has been no change in AMIC’s internal control over financial reporting during the first quarter ended March 31, 2014 that has materially affected, or is reasonably likely to materially affect, AMIC’s internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in legal proceedings and claims that arise in the ordinary course of its businesses. The Company has established reserves that it believes are sufficient given information presently available related to its outstanding legal proceedings and claims. The Company believes the results of pending legal proceedings and claims are not expected to have a material adverse effect on its financial condition or cash flows, although there could be a material effect on its results of operations for a particular period.

Item 1A. Risk Factors

There were no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 in response to Item 1A. to Part 1 of Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Share Repurchase Program

In November 2012, the Board of Directors of AMIC authorized the repurchase of up to 962,886 shares of AMIC's common stock. The repurchase program may be discontinued or suspended at any time. As of March 31, 2014, 500,000 shares were still authorized to be repurchased under the program. There were no share repurchases during the quarter ended March 31, 2014.

Item 3. Defaults Upon Senior Securities

Not Applicable

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

On or as of May 7, 2014, each of the following events occurred:

1. The Stock Agreement, dated as of July 30, 2002 among American Independence Corp. ("AMIC") (f.k.a. SoftNet Systems, Inc.), Independence Holding Company ("IHC") and Madison Investors Corporation was terminated by the parties and ceased to be of any further force or effect.
2. The Quota Share Reinsurance Agreement between Madison National Life Insurance Company, Inc. and Independence American Insurance Company, as amended, was further amended to extend the termination date thereof from December 31, 2014 to December 31, 2019. This agreement, as amended, is filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q.
3. The Quota Share Reinsurance Agreement between Standard Security Life Insurance Company of New York and Independence American Insurance Company, as amended, was further amended to extend the termination date thereof from December 31, 2014 to December 31, 2019. This agreement, as amended, is filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q.
4. The Board of Directors of AMIC granted approval for IHC and its subsidiaries, at any point in the future, to increase their aggregate ownership of AMIC's outstanding shares of common stock without restriction imposed under Article Twelve of AMIC's Second Amended and Restated Certificate of Incorporation or otherwise.

Item 6. Exhibits

10.1	Quota Share Reinsurance Agreement between Madison National Life Insurance, Inc. and Independence American Insurance Company, as amended.**
10.2	Quota Share Reinsurance Agreement between Standard Security Life Insurance Company of New York and Independence American Insurance Company, as amended.**
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
**	Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN INDEPENDENCE CORP.
(Registrant)

/s/ Roy T.K. Thung
Roy T.K. Thung
Chief Executive Officer

Date: May 9, 2014

/s/ Teresa A. Herbert
Teresa A. Herbert
Chief Financial Officer and Senior Vice President

Date: May 9, 2014